**(GCF-7, GCF-12, GCF-13, GCF-14, GCF-15, GCF-16, GCF-17, SCF-3 & VCF-3)**
**DATE: 10.09.2019 MAXIMUM MARKS: 100 TIMING: 3 Hours**

**PAPER : PRINCIPLES & PRACTICE OF ACCOUNTING**

**Question no. 1 is compulsory.**

**Candidates are required to answer any four questions from the remaining five questions.**

**Answer: 1**

**(a)** (i) False **}1M**
Reason: Expenses incurred on installation of plant is a capital expenditure. **}1M**
(ii) True **}1M**
Reason: Debentures can be issued by company in form of secondary security, which is called collateral security. **}1M**
(iii) False **}1M**
Reason: Promissory note cannot be paid to the bearer. **}1M**
(iv) False **}1M**
Reason: Rectification of error is done at the time of identification of error. **}1M**
(v) True **}1M**
Reason: It is distributed among sacrificing partners in their sacrificing ratio. **}1M**
(vi) False **}1M**
Reason: Profit on consignment belongs to consignor only as he bears the risk of loss of consignment. Consignee gets commission only. **}1M**

**Answer:**

**(b)** (1) Bills of Exchange are usually drawn to facilitate trade transmission, that is, bills are meant to finance actual purchase and sale of goods. But the mechanism of bill can be utilised to raise finance also. When bills are used for such a purpose, they are known as accommodation bills. **2M**

(2) Del-credere commission is an additional commission paid by the consignor to the consignee for undertaking responsibility of collection of debts. Generally, the consignee gets ordinary commission for sales made by him as a percentage of gross sales, over and above, he may get delcredere commission for the additional responsibility of debt collection. Sometimes it is agreed that del-credere commission shall be allowed on credit sales only. However, in the absence of any such agreement the consignor allows del-credere commission on total sales and not merely on credit sales. If the consignee is entitled to del-credere commission, he has to bear the bad debts; if any, arising, out of credit sale of consignment goods. **2M**

**Answer:**

**(c)** **Calculation of gross margin of profit:**

| | Rs. | |
|---|---|---|
| Sales | 4,00,000 | |
| Add: Closing inventory (at selling price) | 1,00,000 | |
| Selling price of goods available for sale: | 5,00,000 | **{1M}** |
| Less: Cost of goods available for sale | 4,00,000 | |
| Gross margin | 1,00,000 | **{1M}** |

Rate of gross margin $= \frac{1,00,000}{5,00,000} x\ 100 = 20\%$ = **{1M}**

Cost of closing inventory = 1,00,000 less 20% of Rs. 1,00,000=Rs.80,000 **{1M}**

**Answer: 2**
**(a)**

### Halder in Current Account with Mr. S. Dasgupta
### (Interest to 31st December, 2016 @ 5% p.a.)

| Date 2016 | Particulars | Due Date | Amount Rs. | Days | Product | Date 2016 | Particulars | Due Date | Amount Rs. | Days | Product |
|---|---|---|---|---|---|---|---|---|---|---|---|
| June 30 | To Balance b/d | | 520 | 185 {1/2 M} | 96,200 | Aug. 1 | By Cash A/c | Aug. 1 | 500 | 152 {1/2 M} | 76,000 |
| July 17 | To Sales A/c | July 17 | 40 | 167 {1/2 M} | 6,680 | Sep. 1 | By Cash A/c | Sep. 1 | 400 | 121 {1/2 M} | 48,400 |
| Aug. 19 | To Sales A/c | Aug. 19 | 720 | 134 {1/2 M} | 96,480 | Sep. 1 | By Bills Receivable A/c (Note: 1) | Dec. 4 | 300 | 27 {1/2 M} | 8,100 |
| Aug. 30 | To Sales A/c | Aug. 30 | 50 | 123 {1/2 M} | 6,150 | Oct. 22 | By Purchases A/c | Oct. 22 | 20 | 70 {1/2 M} | 1,400 |
| {1 M} Nov. 12 | To Sales A/c | Nov. 12 | 14 | 49 {1/2 M} | 686 | Dec. 14 | By Cash A/c | Dec. 14 | 50 | 17 {1/2 M} | 850 |
| | | | | | | Dec. 31 | By Balance of product | | | | 71,446 {1 M} |
| 31 Dec. | To Interest A/c $\frac{71,446 \times 5\%}{365}$ {1 M} | | 9.79 {1 M} | | | Dec. 31 | By Balance c/d | | 83.79 {1 M} | | -- |
| | | | 1,353.79 | | 2,06,196 | | | | 1,353.79 | | 2,06,196 |

Note: It is assumed that the bill was honoured on due date. The due date of the bill should be treated as date of payment and days to be calculated from the due date of account.

**Answer:**
**(b)**

| A | B | C | D=B $\pm$C |
|---|---|---|---|
| | **Principal Amount** | **Interest from Average Due Date to Actual date of Payment** | **Total amount to be paid** |
| **(i) Payment on average due date** | | | |
| | Rs. 67,500 | Rs. 67,500 $\times \frac{12}{100} \times \frac{0}{365}$ =0 **{1 M}** | Rs. 67,500 |
| **(ii) Payment on 25th Aug. 2016** | | | |
| | Rs. 67,500 | Rs. 67,500 $\times \frac{12}{100} \times \frac{15}{365}$ =333 **{1 M}**<br>Interest to be charged for period of 15 days from 10.8.2016 to 25th Aug. 2016 | **{1M}** Rs. 67,833 |
| **(iii) Payment on 30th July, 2016** | | | |
| | Rs.67,500 | Rs. 67,500 $\times \frac{12}{100} \times \frac{(11)}{365}$ =(244) **{1 M}**<br>Rebate has been allowed for unexpired credit period of 11<br>days from 30.7.2016 to 10.8.2016 | **{1M}** Rs.67,256 |

**Answer:**
**(c) Statement of valuation of Inventory on 31st March, 2017**

| | Rs. | Rs. |
|---|---|---|
| Value of Inventory as on 15th April, 2017 | | 10,00,000 |
| Add: Cost of goods sold during the period between 31st March, 2017 to 15th April, 2017 | | |
| Sales (Rs. 8,20,000 - Rs. 20,000) | **1M}** 8,00,000 | |
| Less: Gross Profit (20% of Rs. 8,00,000) | **1M}** 1,60,000 | **1M}** 6,40,000 |
| | | 16,40,000 |
| Less: Purchases during the period from 31st March, 2017 to 15th April, 2017 | | **1M}** 1,00,680 |
| | | **1M}** 15,39,320 |

**Answer: 3**

**(a)**

**Journal**

| Date | Particulars | L.F. | Dr. (Rs.) | Cr. (Rs.) | |
|---|---|---|---|---|---|
| 2016 March 31 | Bad-debts A/c Dr.<br>To Sundry Debtors A/c<br>(Further Bad-debts) | | 3,000 | 3,000 | 1M |
| March 31 | Provision for Doubtful Debts A/c Dr.<br>To Bad Debts A/c<br>(Bad debts adjusted against the provision) | | 8,000 | 8,000 | 1M |
| March 31 | Profit and Loss A/c(1) Dr.<br>To Provision for Doubtful Debts A/c<br>(Net amount charged from P&L A/c) | | 18,200 | 18,200 | 1M |

Note:(1)

| | | |
|---|---|---|
| Net Amount chargeable from P & L A/c :- | Rs. | |
| Bad-Debts (5,000+3,000) | 8,000 | |
| Add: New Provision : 10% on (3,05,000-3,000) | 30,200 | 1M |
| | 38,200 | |
| Less: Old Provision | 20,000 | |
| | 18,200 | |

**BAD-DEBTS ACCOUNT**

| Date | Particulars | Amount Rs. | Date | Particulars | Amount Rs. | |
|---|---|---|---|---|---|---|
| W2016 | | | 2016 | | | |
| March31 | To Balance b/d | 5,000 | March31 | By Provision for | | |
| March31 | To Sundry Debtors A/c | 3,000 | | Doubtful Debts A/c | 8,000 | 1M |
| | | 8,000 | | | 8,000 | |

**Provision for Doubtful DEBTS ACCOUNT**

| Date | Particulars | Amount Rs. | Date | Particulars | Amount Rs. | |
|---|---|---|---|---|---|---|
| 2016 | | | 2015 | | | |
| March31 | To bad debts A/c | 8,000 | April 1 | By Balance b/d | | |
| March31 | To Balance c/d | | | (Old Provision) | 20,000 | |
| | (New Provision) | 1M} 30,200 | 2016 | | | |
| | | | March | By Profit & Loss A/c | | |
| | | | 31 | (Balancing Figure) | 18,200 | 1M |
| | | 38,200 | | | 38,200 | |

**Profit & Loss Account**
**for the year ended March 31, 2016**

| Particulars | | Amount Rs. | Particulars | Amount Rs. |
|---|---|---|---|---|
| To Provision for Doubtful Debts A/c: | | | | |
| Bad-debts | 5,000 | | | |
| Add: Further Bad-debts | 3,000 | | | |
| | 8,000 | | | |
| Add: New Provision | 30,200 | | | |
| | 38,200 | | | |
| Less: Old Provision | 20,000 | 18,200 }1M | | |

**Balance Sheet**
**as at March 31, 2016**

| Liabilities | Amount Rs. | Particulars | | Amount Rs. |
|---|---|---|---|---|
| | | Sundry Debtors | 3,05,000 | |
| | | Less: Further Bad-Debts | 3,000 | |
| | | | 3,02,000 | }1M |
| | | Less: New Provision | | |
| | | (10% on 3,02,000) | 30,200 | 2,71,800 }1M |

**Answer:**
**(b)**

### TRADING AND PROFIT & LOSS ACCOUNT
**For the year ending 31st March, 2017**

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| To Purchases | 1,16,000 | By Sales 1,60,000 | |
| To Wages | 8,000 | Less: Return Inward 4,000 | 1,56,000 } ½M |
| To Carriage Inward | 2,000 | By Closing Stock | 26,000 |
| To Gross Profit c/d | ½M} 56,000 | | |
| | 1,82,000 | | 1,82,000 |
| To Salaries 10,000 | | By Gorss Profit b/d | 56,000 |
| Add: Outstanding Salaries 500 | ½M}10,500 | By Accrued Interest on | |
| To Printing | 800 | Investment | 750 } ½M |
| To Advertisement | 1,200 | | |
| To Trade Charges | 600 | | |
| To Rent | 1,400 | | |
| To Discount | 500 | | |
| To Interest on Capital (1) | | | |
| (Rs.1,800 + Rs.300) | 2,100 } ½M | | |
| To Depreciation on Plant & | | | |
| Fixtures | 800 } ½M | | |
| To Bad Debts 500 | | | |
| Add: New Provision 1,225 | 1,725 } ½M | | |
| To New Profit Transferred to | | | |
| Capital A/c | 37,125 } ½M | | |
| | 56,750 | | 56,750 |

### BALANCE SHEET
**as at 31st March, 2017**

| Liabilities | Rs. | Assets | Rs. |
|---|---|---|---|
| Bills Payable | 9,000 | Cash in hand | 3,000 |
| Creditors | 12,000 | Cash at Bank | 16,000 |
| Salary Outstanding | ½M { 500 | Bills Receivable | 5,000 |
| Capital 40,000 | | Debtors 25,000 | |
| Add: Interest on Capital 2,100 } ½M | | Less: Bad Debts 500 } ½M | |
| Add: Net Profit 37,125 } ½M | | 24,500 | |
| 79,225 | | Less: Provision for | |
| Less: Drawings ½M { 4,500 | ½M { 74,725 | Doubtful Debts ½M | |
| | | (5% on Rs.24,500) 1,225 | 23,275 } ½M |
| | | Closing Stock | 26,000 } ½M |

| | | | | | |
|---|---|---|---|---|---|
| | | Investments | 15,000 | | |
| | | Add: Accrued Interest | 750 | 15,750 | } ½M |
| | | Plant & Fixtures | 8,000 | | |
| | | Less: Depreciation | 800 | 7,200 | } ½M |
| | 96,225 | | | 96,225 | |

| Note (1) Interest on Capital is calculated as follows: | Rs. | |
|---|---|---|
| On Rs. 30,000 @ 6% p.a. for one year | 1,800 | ½M |
| On Rs. 10,000 @ 6% p.a. for six months | 300 | |
| | 2,100 | |

**Answer: 4**

**(a) JOURNAL OF RAM**

| Date | Particulars | | L. F. | Dr. Amount | Cr. Amount | |
|---|---|---|---|---|---|---|
| 2012 | | | | **Rs.** | **Rs.** | |
| Jan. 1 | Bills Receivable A/c (No. I) | Dr. | | 4,000 | | 2 M |
| | Bills Receivable A/c (No. II) | Dr. | | 5,000 | | |
| | Bills Receivable A/c (No. III) | Dr. | | 6,000 | | |
| | To Mohan | | | | 15,000 | |
| | (Three acceptance received) | | | | | |
| Jan. 10 | Sohan | Dr. | | 4,120 | | 1 M |
| | To Bills Receivable A/c | | | | 4,000 | |
| | To Discount Received A/c | | | | 120 | |
| | (First bill endorsed to Sohan in full settlement of his account of Rs. 4,120) | | | | | |
| Jan. 20 | Bank A/c | Dr. | | 4,850 | | 1 M |
| | Discount Charges A/c | Dr. | | 150 | | |
| | To Bills Receivable A/c | | | | 5,000 | |
| | (Second Bill discounted from the bank) | | | | | |
| March 4 | Mohan | Dr. | | 5,040 | | 1 M |
| | To Bank A/c | | | | 5,040 | |
| | (Second bill dishonoured and noting charges paid by the bank) | | | | | |
| March 4 | Mohan | Dr. | | 200 | | 1 M |
| | To Interest A/c | | | | 200 | |
| | (Interest receivable) | | | | | |
| March 4 | Bills Receivable A/c (No. IV) | Dr. | | 5,240 | | 1 M |
| | To Mohan | | | | 5,240 | |
| | (New Bill received including Rs. 40 as noting charges and Rs. 200 as interest) | | | | | |
| March 4 | Bank A/c | Dr. | | 5,925 | | 1 M |
| | Rebate on Bill A/c | Dr. | | 75 | | |
| | To Bills Receivable A/c | | | | 6,000 | |
| | (Payment of the third Bill received before maturity and rebate allowed, i.e., $6{,}000 \times \frac{15}{100} \times \frac{1}{12} = \text{RS}.75$) | | | | | |
| May 4 | Bills for Collection A/c | Dr. | | 5,240 | | 1 M |
| | To Bills Receivable A/c | | | | 5,240 | |
| | (Fourth Bill sent to Bank for collection) | | | | | |
| May 7 | Bank A/c | Dr. | | 5,240 | | 1 M |
| | To Bill for Collection A/c | | | | 5,240 | |
| | (Bills collected by Bank on maturity) | | | | | |

**Answer:**

**(b)**

**Journal Entries**

| Particulars | | Dr.(Rs.) | Cr.(Rs.) | |
|---|---|---|---|---|
| A's Capital Account | Dr. | 20,000 | | ½M |
| B's Capital Account | Dr. | 16,000 | | |
| C's Capital Account | Dr. | 12,000 | | |
| To Profit and Loss Adjustment Account | | | 48,000 | |
| (Profit written back for making adjustments) | | | | |
| Profit and Loss Adjustment Account | Dr. | 4,000 | | ½M |
| To B's Capital Account | | | 4,000 | |
| (Bonus Credited to B's Capital Account) | | | | |
| Profit and Loss Adjustment Account | Dr. | 44,000 | | ½M |
| To A's Capital Account | | | 12,000 | |
| To B's Capital Account | | | 16,000 | |
| To C's Capital Account | | | 16,000 | |
| (Distribution of profits in the new ratio) | | | | |
| Fixture Account | Dr. | 2,780 | | ½M |
| To Provision for Doubtful debts Account @ 2% | | | 1,870 | |
| To A's Capital Account | | | 248 | |
| To B's Capital Account | | | 331 | |
| To C's Capital Account | | | 331 | |
| (Revaluation of assets on A's retirement) | | | | |
| A's Capital Account | Dr. | 10,909 | | 1M |
| B's Capital Account | Dr. | 14,545 | | |
| C's Capital Account | Dr. | 14,546 | | |
| To Goodwill | | | 40,000 | |
| (Old goodwill shown in the balance sheet has been written off) | | | | |
| A's Capital Account | Dr. | 1,32,760 | | ½M |
| To A's Loan Account | | | 1,32,760 | |
| (Transfer of A's Capital Account to his Loan Account) | | | | |
| B's Capital Account | Dr. | 2,244 | | ½M |
| C's Capital Account | Dr. | 1,496 | | |
| To Provision for Doubtful Debts Account | | | 3,740 | |
| (Raising provision for bad debts) | | | | |
| B's Capital Account | Dr. | 13,425 | | 1M |
| C's Capital Account | Dr. | 2,066 | | |
| To A's Capital Account | | | 15,491 | |
| (Adjusting entry of goodwill passed through partners' capital accounts in gaining/sacrificing ratio) | | | | |

Partners' capital account

| | A (Rs.) | B (Rs.) | C (Rs.) | | A (Rs.) | B (Rs.) | C (Rs.) |
|---|---|---|---|---|---|---|---|
| To Profit and Loss Adjustment A/c | 20,000 | 16,000 | 12,000 | By Balance b/d | 1,35,930 | 95,120 | 61,170 |
| | | ½M | | By Profit and Loss | | | |
| To Goodwill | 10,909 | 14,545 | 14,546 | Adjustment A/c | - | 4,000 | ½M - |
| To A's Loan A/c | 1,32,760 | ½M - | - | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| To Provision for Doubtful Debts A/c | - | 2,244 (½M) | 1,496 | By Profit and Loss Adjustment A/c | 12,000 (½M) | 16,000 | 16,000 |
| To A | - | 13,425 | 2,066 | By Fixtures Less Provision for DD A/c | 248 (½M) | 331 | 331 |
| To Balance c/d | - | 69,237 (½M) | 47,393 (½M) | By B | 13,425 (1 M) | | |
| | | | | By C | 2,066 | | |
| | 1,63,669 | 1,15,451 | 77,501 | | 1,63,669 | 1,15,451 | 77,501 |

Note: The balance of A's Capital Account has been transferred to A's Loan Account.

Working Note:

Calculation for adjustment of amount of goodwill

| Partner | Old Share | New Share | Gain | Sacrifice |
|---|---|---|---|---|
| A | $\frac{3}{11}$ | - | - | $\frac{3}{11}$ |
| B | $\frac{4}{11}$ | $\frac{3}{5}$ | $\frac{13}{55}$ | - |
| C | $\frac{4}{11}$ | $\frac{2}{5}$ | $\frac{2}{55}$ | - |

**Answer: 5**

**(a)** **Amended Cash Book (Bank Column)**

| Receipts | L. F. | Amount (Rs.) | Payments | L.F. | Amount (Rs.) |
|---|---|---|---|---|---|
| To Customer A/c | | 1M} 6,100 | By Balance b/d | | 8,300 |
| To Insurance Claim A/c | | 1M} 8,000 | By Discount Charges | | 400 }1M |
| To Balance c/d | | 1M} 3,900 | By Adjustment of undercasting | | 1,000 }1M |
| | | | By Insurance Premium A/c | | 2,000 }1M |
| | | | By X (Cheque issued omitted to be recorded) | | 3,500 }1M |
| | | | By Cheque issued (wrongly entered in the cash column) | | 2,800 }1M |
| | | 18,000 | | | 18,000 |

**Bank reconciliation statement**
**as on 31st March 2015**

| Particulars | Plus Items (Rs.) | Minus Items (Rs.) |
|---|---|---|
| Overdraft (Cr.) Balance as per Amended Cash Bank | | 3,900 |
| Cheques deposited but not credited by bank upto 31st March | | 4,600}1M |
| Cheques issues but not presented for payment upto 31st March | 1M{ 1,500 | |
| | 1,500 | 8,500 |
| Overdraft (Dr.) Balance as per Pass Book | | 7,000 |

**Answer:**
**(b)**

| Date | Particulars | L.F. | Dr. (Rs.) | Cr. (Rs.) |
|---|---|---|---|---|
| (a) | Suspense A/c Dr.<br>To Salary A/c<br>(Salary posted twice in the books) | | 155 | <br>155 |
| (b) | Bank A/c Dr.<br>To Suspense A/c<br>(Interest collected by the bank not entered in Cash Book) | | 75 | <br>75 |
| (c) | Advertisement or Free Sample A/c Dr.<br>To Purchases A/c<br>(Goods received wrongly credited to Ashok Account) | | 700 | <br>700 |
| (d) | Ashok Dr.<br>To Suspense A/c<br>(Rent received wrongly credited to Ashok Account) | | 350 | <br>350 |
| (e) | Furniture A/c Dr.<br>To Purchase A/c<br>To Karnal Furniture Mart<br>(Furniture purchased wrongly entered in the purchase book with wrong amount) | | 65 | <br>56<br>9 |
| (f)(I) | Drawing A/c Dr.<br>To Machine A/c<br>(Old Machinery sold to Proprietor) | | 400 | <br>400 |
| (II) | Sales A/c Dr.<br>To Kishore<br>(Sale of machinery wrongly debited to Kishore's Account) | | 400 | <br>400 |
| (g) | Ajay Dr.<br>To Purchase A/c<br>(Cash purchases wrongly entered in Purchase Book) | | 189 | <br>189 |
| (h) | Closing Stock A/c Dr.<br>To Trading A/c<br>(Under valuation of stock corrected | | 300 | <br>300 |

1M 1M 1M 1M 1M 1M 1M 1M 1M

**Suspense Account**

| Particulars | L.F. | (Rs.) | Particulars | L.F. | (Rs.) |
|---|---|---|---|---|---|
| To Difference in Trial Balance (Balancing Figure) | | 270 | By Bank A/c | | 75 |
| | | | By Ashok | | 350 |
| To Salary A/c | | 155 | | | |
| | | 425 | | | 425 |

1M

**Answer: 6**

**(a)**

**Balance Sheet as at 1st April, 2012**

| Liabilities | Rs. | Assets | Rs. |
|---|---|---|---|
| Reserve Fund | 3,500 | Balance at Bank: | |
| Capital Fund (Balancing figure) | $\underbrace{31,900}_{1M}$ | Current Account | 300 |
| | | Deposit Account | 2,400 |
| | | Outstanding Subscriptions | 900 |
| | | Stock of Foodstuffs | 1,800 |
| | | Govt. Securities | 10,000 |
| | | Building | 20,000 |
| | 35,400 | | 35,400 |

1M

**Income & Expenditure Account for the year ended 31st March, 2013**

| Expenditure | | Rs. | Income | | Rs. |
|---|---|---|---|---|---|
| To Refreshment Consumed | | | By Interest | | 600 }½M |
| Opening Stock | 1,800 | | By Subscription | 12,500 | |
| Add: Purchases | 8,000 | | Less: Outstanding Subscriptions | 800 }½M | |
| | 9,800 | | | 11,700 | |
| Less: Closing Stock | 1,500 | $\overbrace{8,300}^{½M}$ | Add: Outstanding Subscriptions for 2012-13 | $\overbrace{1,300}^{½M}$ | 13,000 |
| To Newspapers | | 200 | | | |
| To Salaries | | 11,000 | | | |
| To General Expenses | | 1,200 | By Profit on entertainments | | 1,500 }½M |
| To Audit Fees | | 800 | By Refreshment receipts (or sale of foodstuffs) | | 12,000 |
| To Excess of Income over Expenditure (Surplus) | | $\underbrace{6,600}_{½M}$ | By Entrance fees | 2,000 | |
| | | | Less: 50% transferred to Reserve fund | ½M{ 1,000 | 1,000 }½M |
| | | 28,100 | | | 28,100 |

**Balance Sheet as at 31st March, 2013**

| Liabilities | | Rs. | Assets | Rs. |
|---|---|---|---|---|
| | | | Balance at Bank | |
| Reserve Fund | 3,500 | | Current Account | 100 |
| Add: Transfer from 50% of Entrance fees | $\overbrace{1,000}^{½M}$ | | Deposit Account | 5,000 |
| | | | Outstanding Subscriptions | |
| 10% of surplus of Rs. 6,600 | $\overbrace{660}^{½M}$ | $\overbrace{5,160}^{½M}$ | (Rs.100+Rs.1,300) | ½M{ 1,400 |
| | | | Stock of Foodstuffs | 1,500 |
| Capital Fund (1-4-2012) | 31,900 | | Crockery | 3,000 |
| Add: Surplus | | | Books | 2,000 |
| (Rs.6,600-660) | $\overbrace{5,940}^{½M}$ | $\overbrace{37840}^{½M}$ | Govt. Securities | 10,000 |
| | | | Buildings | 20,000 |
| | | 43,000 | | 43,000 |

1M

Note:- Outstnading subscription for the preceding year (2011-12) was Rs. 900. Out of this amount Rs. 800 has been received during the year 2012-13. As such, Rs. 100 is still in arrear, which will be shown on the assets side of the current year's Balance Sheet.

**Answer:**

**(b)** **Journal**

| Date | Particulars | L.F. | Dr. (Rs.) | Cr. (Rs.) | |
|---|---|---|---|---|---|
| | Bank A/c Dr.<br>To Share Application A/c<br>(Application money received on 1,52,000 shares @ Rs. 3 per share) | | 4,56,000 | 4,56,000 | ½M |
| | Share Application A/c Dr.<br>To Share Capital A/c<br>To Share Allotment A/c<br>To Bank A/c<br>(Application money adjusted) | | 4,56,000 | 3,00,000<br>1,50,000<br>6,000 | 1M |
| | Share Allotment A/c Dr.<br>To Share Capital A/c<br>(Allotment money due on 1,00,000 shares @ 2.50) | | 2,50,000 | 2,50,000 | ½M |
| | Bank A/c<br>To Share Allotment A/c<br>(Allotment money received on 99,800 share) | | 99,800 | 99,800 | ½M |
| | Share Capital A/c (200 × Rs. 5.50) Dr.<br>To Share Allotment A/c<br>To Share Forfeiture A/c<br>(Forfeiture of 200 shares of non-payment of allotment money) | | 1,100 | 200<br>900 | 1M |
| | Share 1st Call A/c Dr.<br>To Share Capital A/c<br>(First call money due on 99,800 shares @ Rs. 2.50) | | 2,49,500 | 2,49,500 | ½M |
| | Bank A/c Dr.<br>To Share 1st Call A/c<br>(First call money received on 99,800 shares @ 2.50) | | 2,49,500 | 2,49,500 | ½M |
| | Bank A/c Dr.<br>To Share Capital A/c<br>To Securities Premium Reserve A/c<br>(Re-issue of 200 shares @ Rs. 9 per share: Rs. 8 paid up) | | 1,800 | 1,600<br>200 | 1M |
| | Share Forfeiture A/c Dr.<br>To Capital Reserve A/c<br>(Transfer of profit on reissue) | | 900 | 900 | 1M |

**Working Notes:**

(i) Excess amount received from the holder of 200 shares on application:
The shareholder who has been allotted 200 Shares must have applied for more shares.

If shares allotted ware 200, shares applied for were = $\frac{1,50,000}{1,00,000} \times 200 = 300$ ½M

Shares
Excess application money received from him:
300 shares - 200 shares = 100 shares × Rs. 3 = Rs. 300 ½M

| | | | Rs. | |
|---|---|---|---|---|
| (ii) | Amount due on allotment on these shares = 200 shares × 2.50 | = | 500 | } ½M |
| | Less: Excess received on these shares on application | = | 300 | |
| | Amount not received on allotment | | 200 | } ½M |

| | | | | |
|---|---|---|---|---|
| (iii) | Amount received on allotment: | | | |
| | Total amount due on allotment = 1,00,000 shares×Rs.2.50 | = | 2,50,000 | |
| | Less: Excess received on application | = | 1,50,000 | } ½M |
| | | | 1,00,000 | |
| | Less: Amount not received on allotment | | 200 | } ½M |
| | Net amount received on allotment in cash | | 99,800 | } ½M |

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